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SUBJECT: THIS WEEK IN ALBANIA, JUNE 28 - JULY 3, 2008

¶1. The following is a weekly report prepared by Embassy Tirana's local staff to provide political and economic context and insight into developments in Albania.

CRIMINAL JUSTICE DEVELOPMENTS

¶2. NOTORIOUS CRIME GANG TRIAL FINALLY ENDS: The Serious Crimes Court wrapped up the longest criminal trial in the history of Albania's legal system and sentenced ten members of the so-called "Revenge for Justice" criminal organization to prison. The two leaders of the organization were sentenced to life imprisonment while other member's sentences ranged from ten years to 25 years in prison. This put an end to a trial that has been dragging on since 1996 due to political instability, gang intimidation, and the complexity of the case. The members of the organization were charged with crimes ranging from terrorist attacks, murder of a prison director, bank thefts, burglaries, kidnappings, and a whole slew of minor criminal offences.

¶3. Unfortunately, only two members of the criminal organization were in Albania for the sentencing. The two main leaders of the gang currently enjoy political asylum in Switzerland and are not expected to serve prison any time soon. All other members were tried in absentia. The decision of the court, however late, is a welcomed development in bringing the most dangerous members of this organization to justice.

ECONOMIC DEVELOPMENTS

¶4. A NEW ERA FOR THE INSURANCE SECTOR: The Ministry of Finance has drafted a new law for the insurance sector which will increase the number of business sectors required to purchase liability insurance for third-parties. This was done in an attempt to further boost the insurance market in Albania. The new law was drafted within the framework of a series of reforms to accelerate the Euro-Atlantic integration process. Beyond these recent amendments, there are few changes to the legal framework governing this sector since its creation in 1992. This new law, which adopts new standards for liability insurance, aims to better regulate the market, increase the number of businesses required to purchase insurance and improve protection of consumers, clients, and employees.

¶5. The insurance market in Albania has struggled to gain momentum since its emergence in 1991. Insurance was a concept completely foreign to Albanians who had no use for such a service under the communist regime. The industry, however, has slowly grown and has become a more important part of the financial sector.

¶6. In 2007, the collection of insurance premiums increased by 30 percent compared to the previous year. The market, however, still has not achieved full capacity. With just 25 dollars of insurance premiums per capita, Albania ranks last in the region; but the potential for more business and large profits has not gone unnoticed. Three foreign companies, two from Austria and one from Greece, have purchased shares in Albanian insurance companies. These newest investments, together with investments made by the EBRD/IFC, now account for one third of total sector assets. Their presence will not only increase capital, but more importantly will help to apply western standards and improve client services.

CULTURAL DEVELOPMENTS

17. TIRANA BEERFEST '08: Thousands turned out to celebrate the 2nd Annual Tirana Beerfest held this past weekend at Tirana City Park. The three-day affair began early each day and went full force into the wee hours of the morning. Beer makers NORGA, KOAN, STELA, and KORCA came from all over Albania to promote their brews and please the crowds eager to throw back a few in the middle of the stifling-hot Tirana summer. Families and friends relaxed on rows and rows of picnic tables set up under an enormous rainbow-colored tent, while a series of bands and lip sinkers took to the stage. The late-night crowd got rowdy when traditional Albanian music began livening things up, and picnic tables buckled under the weight of cheerful dancers. Participants enjoyed the cheapest beers in town (only 50 Lek a piece), and suflage, qofte, and sausage sandwiches were abundant.

QUOTE OF THE WEEK

18. "I spend what little free time I have left in Switzerland biking and skiing." --Orik Shyti, notorious member of the "Revenge for Justice" criminal gang currently in asylum.

WITHERS